



CALIFORNIA STATE
PUBLIC WORKS BOARD

EDMUND G. BROWN JR. • GOVERNOR

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STATE PUBLIC WORKS BOARD
February 10, 2012

MINUTES

PRESENT:

Mr. Pedro Reyes, Chief Deputy Director, Policy, Department of Finance
Mr. Esteban Almanza, Chief Deputy Director, Department of General Services
Ms. Ann Barsotti, Chief Information Officer, Department of Transportation

STAFF PRESENT:

Theresa Gunn, Assistant Administrative Secretary
Stephen Benson, Budget Analyst
Madelynn McClain, Budget Analyst
Carlos Ochoa, Budget Analyst
Andy Ruppenstein, Budget Analyst
Shryl Thomas, Budget Analyst
Stan Hiuga, Budget Analyst
Deborah Cregger, Staff Counsel
Manerva Cole, Executive Secretary

CALL TO ORDER AND ROLL CALL:

Mr. Pedro Reyes, Chairperson of the Board and of the Department of Finance, called the meeting to order at 10:00 a.m. Ms. Theresa Gunn, Assistant Administrative Secretary for the Board, called the roll. A quorum was established.

The first order of business was approval and adoption of the minutes from the January 19, 2012 meeting. Ms. Gunn reported Board staff had reviewed and recommend approval and adoption of the minutes.

A motion was made by Mr. Almanza and seconded by Ms. Barsotti to approve and adopt the minutes. The minutes were approved by a 3-0 vote.

CONSENT ITEMS:

Ms. Gunn summarized the eight Consent Items before the Board, they included:

- 1 request for a site selection [Item 1]
- 5 requests to approve preliminary plans [Items 2, 4, 5, and 7]
- 1 request to approve preliminary plans and a reversion of project savings [Item 3]
- 1 request to consent to a Ground Lease, Easement Agreement, and Right of Entry [Item 6]
- 1 request to approve performance criteria and concept drawings [Item 8]

Staff recommended approval of Consent Items 1 through 8.

There were no questions or comments from the Board or the public.

A motion was made by Mr. Almanza and seconded by Ms. Barsotti to approve Consent Calendar Items 1 through 8. The Consent Items were approved by a 3-0 vote.

ACTION ITEMS:

ACTION ITEM 1: Action Item #1 was a request to consider approval of an increase within appropriation for the Department of Parks and Recreation (Parks), Crystal Cove State Park, El Morro Mobilehome Park Conversion, located. Mr. Andy Ruppenstein, Department of Finance Budget Analyst, presented the item to the Board.

Mr. Ruppenstein informed the Board that this action item was due to the “out-of-process” activity that occurred. The project was essentially complete; however, Parks was requesting \$1.9 million in bid savings to cover project costs that were improperly authorized by Parks staff. Approval of the request would leave \$195,000 in bid savings.

Mr. Ruppenstein reported that Parks failed to adhere to standard state policies and procedures by approving the changes to the project scope prior to receiving Board approval and funding. As a result, Parks does not have sufficient funds to pay the contractor for work already performed. Parks would likely incur additional penalties if the request is not approved in a timely manner.

Mr. Ruppenstein has been informed that Parks conducted an analysis of its policies, procedures, and training program, and had identified a number of changes that would be implemented to ensure this problem does not occur in the future.

Staff recommended approval of the increase within appropriation.

Mr. Reyes requested Parks staff to comment on this item.

Mr. Steven Lehman, Deputy Director of acquisitions and development for Parks, noted in his experience, this situation appears to be an isolated occurrence but he was troubled by it and ensured the Board that the proper actions were being taken against responsible staff and program management to eliminate similar out of process activity in the future.

Mr. Reyes expressed concern that Parks was not including adequate accessibility design in its projects as a portion of the project changes related to ADA compliance issues. Mr. Lehman assured the Board their projects were designed to meet ADA compliance; however, this project was stalled due to the PMIA freeze and certain relevant codes had changed necessitating redesign.

Mr. Reyes requested the staff recommendation be modified to include a requirement that Parks provide a formal report to Board staff detailing the corrections made in its internal policies to eliminate similar issues in the future.

There were no further questions or comments from the Board or the public.

Mr. Almanza made moved the Chair’s modified staff recommendation, which was seconded by Ms. Barsotti. Action Item 1, as modified, with the requirement that Parks staff provide a formal report to Board staff detailing corrections in its internal policies was approved by a 3-0 vote.

ACTION ITEM 2: Action Item #2 is to consider scope and project cost changes for the Department of Corrections and Rehabilitation, California State Prison, Psychiatric Services Unit Treatment and Office Space in Sacramento County. Mr. Stephen Benson, Department of Finance Budget Analyst, presented the item to the Board.

Mr. Benson reported that the action item is being brought as “contingent” as the 20-day legislative notification letter for the proposed scope change does not expire until February 13, 2012.

Mr. Benson stated that the scope change was requested to include 11 Small Management Yards that should have been included in the original scope of the project. The estimated cost

associated with the scope change is \$680,000, for a revised total estimated project cost of approximately \$15.2 million.

Mr. Reyes asked if staff had heard from the Legislature on the scope change; Mr. Benson responded the JLBC had questions that were addressed and were unaware of any other issues or concerns.

Staff recommended the Board recognize a scope change and revised costs contingent upon the expiration of the legislative notification period without receiving adverse comments from the appropriate legislative committees.

There were no further questions or comments from the Board or the public.

A motion was made by Mr. Almanza and seconded by Ms. Barsotti to approve Action Item 2. Action Item 2 was approved by a 3-0 vote.

OTHER BUSINESS

There was one item Informational Item under Other Business.

Ms. Gunn introduced this informational Item for the Department of General Services (DGS) surplus property sale of the Fred C. Nelles Youth Correctional Facility in the City of Whittier. The Board had approved the sale at its June 10, 2011 meeting conditioned on the defeasance of outstanding lease revenue bonds prior to the close of escrow. The close of escrow is further conditioned on the purchaser obtaining numerous approvals, entitlements and other agreements, which if obtainable, would culminate with a closing approximately 24-36 months after Board approval.

Mr. John Heim, DGS staff, updated the Board. Mr. Heim stated one of the closing conditions in the purchase agreement included the purchaser entering into an owner participation agreement with the local redevelopment agency (RDA), given the recent elimination of RDAs within the state, the purchaser has asked for additional time in which to investigate alternatives to fill this gap. Accordingly, Mr. Heim informed the Board the DGS will be entering into a tolling agreement allowing an additional 6 months to allow the purchaser to explore alternatives to RDA tax increment financing.

Prior to the meeting, the Board members received a letter from the City of Whittier seeking a 1 year extension instead of 6 months. Mr. Heim advised DGS had heard of the letter but had not had an opportunity to review it.

Mr. Almanza inquired about the amount of funding the buyer had anticipated receiving from the local RDA that would have gone towards the sale. Mr. Heim responded that the amount is somewhere between \$17 and \$18 million.

Mr. Tony Rice, Lobbyist for the City of Whittier, stated that the City was very committed to the project and that the City was assessing how to keep the project moving forward.

Ms. Linda Calvert, from the Department of Corrections and Rehabilitation mentioned that her Department continues to maintain the Nelles property and asked that the extension not be longer than 6 months.

Since this was an informational item no action was required. Mr. Reyes requested DGS to report back in six months on the status of the sale.

REPORTABLES:

Ms. Gunn reported that there were two reportable items for this month:

- Approved an augmentation:
 - California Highway Patrol, CHP Enhanced Radio System: Replace Towers and Vaults, Phase 2, Various Counties, in the amount of \$85,000
- Approved an increase with appropriation:
 - Department of Corrections and Rehabilitation, Chuckawala Valley State Prison Wastewater Treatment Plant Improvement Project, Riverside County, in the amount of \$521,000

NEXT MEETING:

Ms. Gunn announced the next Public Works Board meeting is scheduled for **Friday, March 9, 2012, at 10:00 a.m., at the State Capitol, in Room 113.**

The meeting was adjourned at 10:30 a.m.